

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF ATMOS)	
ENERGY CORPORATION FOR AN ADJUSTMENT)	CASE NO.
OF RATES AND TARIFF MODIFICATIONS)	2017-00349

ORDER

On May 17, 2018, Atmos Energy Corporation (Atmos), pursuant to KRS 278.400, filed a Petition for Rehearing (Petition) of the Commission's May 3, 2018 final Order. On June 4, 2018, the Commission issued an Order granting Atmos's Petition and setting forth a procedural schedule to be followed. Atmos responded to two rounds of rehearing discovery requests from Commission Staff and one round of rehearing discovery requests from the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (Attorney General). On July 31, 2018, the Attorney General filed a recommendation for the case to be submitted upon the record. Likewise, on August 23, 2018, Atmos filed a notice stating that this matter should be submitted for final disposition based upon the evidence of record without a hearing.

DISCUSSION AND FINDINGS

Atmos avers that the purpose of its Petition is to obtain clarification as to the Commission's allowable annual amortization of the regulatory liability established for excess accumulated deferred income taxes (ADIT), and that the clarification of this adjustment will have no effect on the revenue requirement or on the rates approved in the

May 3, 2018 final Order.¹ Atmos states that the Commission approved rates were placed into effect on May 3, 2018.² Specifically, Atmos seeks clarification as to whether the allowable annual amortization of excess ADIT is \$1,471,233 as cited on pages 12 and 13 of the May 3, 2018 final Order, or \$1,981,192 as cited on page 13 and contained in Appendix A of the May 3, 2018 final Order.³ Atmos explains that its proposed revenue requirement adjustment of \$1,471,233 for the amortization of the regulatory liability established for excess ADIT already included a gross-up for taxes, as reflected in Atmos's response to the Attorney General's Post-Hearing Request for Information, Item 4, Attachment 1.⁴ Therefore, the Commission's adjustment of \$1,981,192 to Atmos's revenue requirement, which grossed-up the amortization amount for taxes, double counted the tax impact of this adjustment.

During the course of discovery, Atmos admitted that it was erroneous to state in the Petition that the clarification of allowable annual amortization of excess ADIT would not affect the rates approved in the May 3, 2018 final Order. However, Atmos reiterated that its request for rehearing seeks only affirmation that \$1,471,233 is the appropriate annual amortization amount for the regulatory liability established for excess ADIT and that Atmos is explicitly not seeking relief for the approximately \$525,000 revenue requirement discrepancy.⁵

¹ Petition at 1; Atmos's Response to the Attorney General's First Rehearing Request for Information, Item 3.

² Petition at 1.

³ *Id.* at 1–2.

⁴ *Id.* at 2.

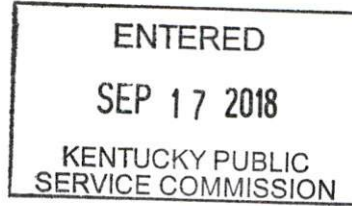
⁵ Atmos's Response to Commission Staff's Second Rehearing Request for Information, Item 1.

Having reviewed Atmos's Petition and being otherwise sufficiently advised, the Commission finds that the Commission's May 3, 2018 Order should be amended to reflect that the allowable annual amortization of the regulatory liability established for excess ADIT is \$1,471,233.

IT IS THEREFORE ORDERED that:

1. Atmos's Petition requesting clarification of its allowable annual amortization of the regulatory liability established for excess ADIT is granted.
2. The Commission's May 3, 2018 Order shall be amended to reflect that the correct allowable annual amortization of the regulatory liability established for excess ADIT is \$1,471,233.
3. All other provisions of the Commission's May 3, 2018 Order not in conflict with this Order shall remain in full force and effect.
4. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:


Executive Director

*Honorable John N Hughes
Attorney at Law
124 West Todd Street
Frankfort, KENTUCKY 40601

*Eric Wilen
Project Manager-Rates & Regulatory Affairs
Atmos Energy Corporation
5420 LBJ Freeway, Suite 1629
Dallas, TEXAS 75420

*Justin M. McNeil
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Kent Chandler
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Larry Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Atmos Energy Corporation
3275 Highland Pointe Drive
Owensboro, KY 42303

*Mark R Hutchinson
Wilson, Hutchinson & Littlepage
611 Frederica Street
Owensboro, KENTUCKY 42301

*Rebecca W Goodman
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204